

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2441

Introduced by Assembly Member Tom Berryhill

February 19, 2010

An act to amend Section ~~785.2~~ 890 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2441, as amended, Tom Berryhill. ~~Gas corporations: natural gas production and storage.~~ Natural gas surcharge.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law relative to the restructuring of the natural gas industry requires the commission to require each gas corporation to provide bundled basic gas service, as defined, to all core customers in its service territory unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. Existing law requires the commission to establish a surcharge on all natural gas consumed in the state to fund certain low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development.

This bill would require the commission to set the surcharge rate established by the commission for large commercial and industrial noncore end-use customers, as defined, at 25% of the surcharge rate for other customers.

~~Existing law requires the Public Utilities Commission to investigate, as part of the rate proceeding for any gas corporation, impediments to the production and storage of natural gas within the state. Existing law authorizes the commission to adopt a tariff that encourages the production or storage of natural gas within the state, including, but not limited to, reducing local transmission rates applicable to in-state gas blends, unless the commission finds that adopting the tariff is likely to result in consequences adverse to the interests of gas customers.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 890 of the Public Utilities Code is
2 amended to read:

3 890. (a) On and after January 1, 2001, there shall be imposed
4 a surcharge on all natural gas consumed in this state. The
5 commission shall establish a surcharge to fund low-income
6 assistance programs required by Sections 739.1, 739.2, and 2790
7 and cost-effective energy efficiency and conservation activities
8 and public interest research and development authorized by Section
9 740 and not adequately provided by the competitive and regulated
10 markets. *The commission shall set the surcharge rate for large*
11 *commercial and industrial noncore end-use customers at 25*
12 *percent of the surcharge rate for other customers. For purposes*
13 *of this subdivision, "large commercial and industrial noncore*
14 *end-use customers" means those entities using more than 20,800*
15 *therms from the burning of natural gas in any given month. Upon*
16 implementation of this article, funding for those programs shall
17 be removed from the rates of gas utilities.

18 (b) (1) Except as specified in Section 898, a public utility gas
19 corporation, as defined in subdivision (b) of Section 891, shall
20 collect the surcharge imposed pursuant to subdivision (a) from
21 any person consuming natural gas in this state who receives gas
22 service from the public utility gas corporation.

23 (2) A public utility gas corporation is relieved from liability to
24 collect the surcharge insofar as the base upon which the surcharge
25 is imposed is represented by accounts which have been found to

1 be worthless and charged off in accordance with generally accepted
2 accounting principles. If the public utility gas corporation has
3 previously paid the amount of the surcharge it may, under
4 regulations prescribed by the State Board of Equalization, take as
5 a deduction on its return the amount found to be worthless and
6 charged off. If any accounts are thereafter collected in whole or
7 in part, the surcharge so collected shall be paid with the first return
8 filed after that collection. The commission may by regulation
9 promulgate other rules with respect to uncollected or worthless
10 accounts as it determines to be necessary to the fair and efficient
11 administration of this part.

12 (c) Except as specified in Section 898, all persons consuming
13 natural gas in this state that has been transported by an interstate
14 pipeline, as defined in subdivision (c) of Section 891, shall be
15 liable for the surcharge imposed pursuant to subdivision (a).

16 (d) The commission shall annually determine the amount of
17 money required for the following year to administer this chapter
18 and fund the natural gas related programs described in subdivision
19 (a) for the service territory of each public utility gas corporation.

20 (e) The commission shall annually establish a surcharge rate
21 for each class of customer for the service territory of each public
22 utility gas corporation. A customer of an interstate gas pipeline,
23 as defined in Section 891, shall pay the same surcharge rate as the
24 customer would pay if the customer received service from the
25 public utility gas corporation in whose service territory the
26 customer is located. The commission shall determine the total
27 volume of retail natural gas transported within the service territory
28 of a utility gas provider, that is not subject to exemption pursuant
29 to Section 896, for the purpose of establishing the surcharge rate.

30 (f) The commission shall allocate the surcharge for gas used by
31 all customers, including those customers who were not subject to
32 the surcharge prior to January 1, 2001.

33 (g) The commission shall notify the State Board of Equalization
34 of the surcharge rate for each class of customer served by an
35 interstate pipeline in the service territory of a public utility gas
36 corporation.

37 (h) The State Board of Equalization shall notify each person
38 who consumes natural gas delivered by an interstate pipeline of
39 the surcharge rate for each class of customer within the service
40 territory of a public utility gas corporation.

1 (i) The surcharge imposed pursuant to subdivision (a) shall be
2 in addition to any other charges for natural gas sold or transported
3 for consumption in this state. Effective on July 1, 2001, the
4 surcharge imposed pursuant to this article shall be identified as a
5 separate line item on the bill of a customer of a public utility gas
6 corporation.

7 (j) Notwithstanding subdivision (a), public utility gas
8 corporations shall continue to collect in rates those costs of
9 programs described in subdivision (a) of Section 890 that are
10 uncollected prior to the operative date of this article.

11 ~~SECTION 1. Section 785.2 of the Public Utilities Code is~~
12 ~~amended to read:~~

13 ~~785.2. The commission shall investigate, as part of the rate~~
14 ~~proceeding for any gas corporation, impediments to the production~~
15 ~~and storage of natural gas within the state. The commission may~~
16 ~~adopt a tariff that encourages the production or storage of natural~~
17 ~~gas within the state, including, but not limited to, reducing local~~
18 ~~transmission rates applicable to in-state gas blends, unless the~~
19 ~~commission finds that adopting the tariff is likely to result in~~
20 ~~consequences adverse to the interests of gas customers.~~